

How To Sell Value Instead Of Commodities

When interacting with your customers, are you selling a product, or are you selling what that product will do to make their lives easier? In other words, are you providing value?

The competitive environment for virtually all products now stretches to the far corners of the globe. Increasingly, companies that have enjoyed market dominance are experiencing the commoditization of their offerings and find themselves competing primarily on price.

One such example stems from the global shipping industry, where companies became accustomed to selling space. Customers made their choices based on the least expensive containers, and there was no guarantee they would arrive on time. In the 21st century, one Denmark-based company, Maersk Line, realized that the industry was letting customers down. They determined that increased timeliness and reliability would have a major impact on the customer value chain.

Maersk transformed their sales approach from commodity-based to value-based, to the tune of a 350 percent ROI in just 11 months. Could your business do the same thing? Here are some key lessons culled from my conversations with Maersk executives — and recommendations for making it happen.

Step 1: Identify key levers to impact the customer's business

Before going to sell a product, consider why your customers have to have it. Maersk, for instance, recognized that improving reliability was truly essential to customers. “Customers had to take out huge buffer stocks to compensate for all of the times a ship didn't arrive on time,” explains Jesper Thomsen, vice president of sales and customer service, Maersk Line. “Their goods would lose money by the hour.” The product, Daily Maersk, introduced ships that leave the same port at the same time every day so that customers are 95 percent guaranteed that products will arrive as scheduled (in contrast to the 50 percent industry standard).

Step 2: Change the customer conversation

Bringing a new insight to customers only matters if you and your salespeople can clearly articulate your offering's value. In other words, why should your customers associate your product with their most pressing needs?

Sales workshops don't always do the job. Historically, Maersk had tried a variety of them, but the results were disappointing. “We got our people to follow a process, but it was still a very transactional one,” says Eric Williams, Maersk's global head of sales.



(Photo Credit: Wikipedia)

Maersk worked with North Carolina-based Sales Performance International (SPI) and its local partner Implement to design a new sales approach that would proactively communicate value to the customer. The program helped Maersk's salespeople master three of seven core competencies (customer-needs assessment, customer-value proposition preparation, and customer-value proposition articulation). At Maersk, sales reps now target a customer in a segment in which the company wants to grow. The salesperson gets in the door early to shape the decision-making criteria, and adds value by thoughtfully exploring key issues with the customer.

"By asking questions that are insightful we help customers to consider issues they hadn't thought about before – new ways to improve their business. We move the discussion way beyond the standard 'what is your price from Hong Kong to Rotterdam?'" says Williams.

Step 3: Commit to execution

Of course, communicating value is very different than straight product sales, and it may initially be out of your comfort zone. That's why reinforcement is critical. SPI's certification for sales reps and managers, for example, ensures that the team doesn't revert to the old and less effective techniques. "Verifiable outcomes for reps, like sending an evaluation plan to a customer, are quality assessed by the manager, and that gets the whole process to stick," says Williams.

Step 4: Measure, measure, measure

Any radical transformation requires solid metrics that demonstrate success, so make sure that your team can measure why your business is better off because of value-selling. Although Maersk conducted training workshops, the company did not rely on the traditional smile sheet ratings. "We looked at multiple business metrics, including concrete behavior change in customer interactions, impact on the sales pipeline, and impact on the business as a whole," says Jurgen Heyman, vice president and managing director of SPI Europe. "All were positive, but the last was particularly impressive. Not only did value-selling increase the number of containers sold, but Maersk was able to charge a \$76/container premium over the competition."

Finally, once you have those stats on paper, don't forget to share them. When leadership changes and/or new salespeople arrive, you will have to continually demonstrate why selling value is the right decision for your business.

Editor's note: *The author learned about Maersk's success through her work with SPI.*



Courtesy of YEC

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